

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re: The Ruins, LLC, Debtor.	Case No.: 25-30004 Chapter 11
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AFFIDAVIT OF CHARLES AARESTAD

RE: SECOND RUINS NOTE

[illegible]

I, Charles Aarestad, hereby state and declare as follows:

1. I am a Sr. Vice President at Red River State Bank (“RRSB” or “Creditor”). I have held my current position since 2011.

2. I hold a bachelor's degree in Agricultural Economics from North Dakota State University. I have also attended the Graduate School of Banking at the University of Wisconsin-Madison.

3. I am personally familiar with the loan history between RRSB and The Ruins, LLC (the “Debtor”) and have reviewed bank statements, transaction receipts, deposits, and checks from the Debtor’s bank account at RRSB and the Craig Development, LLC and Craig Properties LLC bank accounts at First Community Credit Union (“FCCU”) which were obtained through a subpoena issued in the Debtor’s Chapter 11 bankruptcy case.

The Second Ruins Note

4. RRSB's three (3) loans to Debtor (collectively, the "RRSB Notes") are described in Amended Proof of Claim No. 1 filed by RRSB in the Debtor's bankruptcy case (the "Amended RRSB POC"). This Affidavit concerns the instrument referred to in the Amended RRSB POC and hereinafter as the "Second Ruins Note."

5. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated August 1, 2022, in the original principal sum of \$2,750,000.00 ("Second Ruins Note"). The maturity date of the Second Ruins Note is March 15, 2027. Interest accrued on the unpaid principal balance at a rate of 4.600% per annum. Pursuant to the Second Ruins Note, the repayment obligation was as follows:

- a. Fourteen (14) monthly consecutive interest payments from September 15, 2022, through October 15, 2023.
- b. Forty (40) monthly consecutive principal and interest payments of \$15,525.00 each from November 15, 2023, through February 15, 2027.
- c. One (1) final principal and interest payment on March 15, 2027, comprised of all principal and accrued interest not yet paid, a sum estimated to be \$2,544,784.85 if all payments were made exactly as scheduled.

A true and correct copy of the Second Ruins Note is attached as **Exhibit A** and incorporated by reference.

Disbursement of Loan Proceeds

6. Pursuant to the Loan Disbursement Request and Authorization contemporaneously executed by Debtor ("Second Ruins DRA"), loan proceeds for the Second Ruins Note were authorized for disbursement as follows:

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$2,750,000.00 as follows:

Amount paid to others on Borrower's behalf:	\$2,750,000.00
\$2,750,000.00 to The Ruins, LLC / Craig Development LLC	
RRSB Checking Account # 3-782	

Note Principal:	\$2,750,000.00
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CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	\$5,500.00
\$6,500.00 CBRE Appraisal	
Other Charges Paid in Cash:	\$835.00
\$745.00 Dakota Title - Title Work and Title Insurance	
\$50.00 SD UCC-1 Filing & Search	
\$40.00 ND UCC Filing	
Total Charges Paid in Cash:	\$6,335.00

A true and correct copy of the Second Ruins DRA is attached as **Exhibit B** and incorporated by reference.

7. The loan proceeds were disbursed to The Ruins, LLC checking account at RRSB ending in -3782 ("RRSB Ruins Account").

8. Loan proceeds for the Second Ruins Note in the total sum of \$2,750,000.00 were advanced in three (3) disbursements as follows:

Disbursement No.	Disbursement Description	Exhibit Description	Exhibit No.
1	On August 2, 2022, the opening advance of the Second Ruins Note in the sum of \$1,268,944.90 was paid by RRSB via deposit into the RRSB Ruins Account.	RRSB Deposit Slip and Debit Ticket dated August 2, 2022; and RRSB Ruins Account Statement for the period between July 29, 2022, and August 31, 2022 (memorializing the first, second, and third advances of the Second Ruins Note).	C & D
2	On August 16, 2022, the second advance of the Second Ruins Note in the sum of \$1,322,454.31 was paid by RRSB via deposit into the RRSB Ruins Account.	RRSB Ruins Account Statement for the period between July 29, 2022, and August 31, 2022 (memorializing the first, second, and third advances of the Second Ruins Note).	D

3	On August 31, 2022, the third and final advance of the Second Ruins Note in the sum of \$158,600.79 was paid by RRSB via deposit into the Ruins Account.	RRSB Ruins Account Statement for the period between July 29, 2022, and August 31, 2022 (memorializing the first, second, and third advances of the Second Ruins Note).	D
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Payment History

9. Ten (10) payments for the Second Ruins Note were received and have been applied to the outstanding balance of the Second Ruins Note as follows:

Payment No.	Payment Description	Exhibit Description	Exhibit No.
1	Payment of \$12,329.02 was received on September 22, 2022, and applied to accrued interest on September 23, 2022.	Craig Development, LLC ¹ Check No. 10898* in the sum of \$40,251.76; and RRSB Loan Credit Slip dated September 22, 2022, in the sum of \$12,329.02. * Check 10898 was divided between the First and Second Ruins Notes. See First Ruins Note Aff., ¶ 9, Row 5 and Exh. D-5 .	E-1 & G
2	Payment of \$32,184.24 was received on December 9, 2022, and applied to accrued interest.	Craig Development, LLC Check No. 11146 in the sum of \$10,813.35; Craig Development, LLC Check No. 11353* in the sum of \$76,315.63; and RRSB Loan Credit Slip dated December 9, 2022, in the sum of \$32,184.24. * Check 11353 was divided between the First and Second Ruins Notes. See First Ruins Note Aff., ¶ 9, Row 7 and Exh D-7 .	E-2 & G

¹ The Craig Development, LLC Checking Account ending in -7110 at FCCU.

3	Payment of \$21,721.24 was received on February 14, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11610* in the sum of \$77,566.70 and RRSB Credit Ticket back dated to February 14, 2023, in the sum of \$21,721.24. * Check 11610 was divided between the First and Second Ruins Notes. See First Ruins Note Aff. ¶ 9, Row 8 and Exh. D-8 .	E-3 & G
4	Payment of \$21,370.89 was received on April 17, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11863* in the sum of \$76,315.62 and RRSB Loan Credit Slip dated April 17, 2023, in the sum of \$21,370.89. * Check 11863 was divided between the First and Second Ruins Notes. See First Ruins Note Aff. ¶ 9, Row 9 and Exh. D-9 .	E-4 & G
5	Payment of \$9,809.59 was received on May 16, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11927* in the sum of \$35,030.13 and RRSB Loan Credit Slip dated May 16, 2023, in the sum of \$9,809.59. * Check 11927 was divided between the First and Second Ruins Notes. See First Ruins Note Aff. ¶ 9, Row 10 and Exh. D-10 .	E-5 & G
6	Payment of \$10,860.61 was received on June 8, 2023. \$10,389.51 was applied to accrued interest and \$471.10 was applied to principal.	Craig Development, LLC Check No. 12042 in the sum of \$10,860.61 and RRSB Loan Credit Slip dated June 8, 2023, in the sum of \$10,860.61.	E-6 & G

7	Payment of \$10,510.28 was received on July 19, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12157* in the sum of \$37,532.28 and RRSB Loan Credit Slip dated July 19, 2023, in the sum of \$10,510.28. * Check 12157 was divided between the First and Second Ruins Notes. See First Ruins Note Aff. ¶ 9, Row 12 and Exh. D-12 .	E-7 & G
8	Payment of \$10,860.62 was received on August 30, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12248 in the sum of \$10,860.62 and RRSB Credit Ticket dated August 30, 2023, in the sum of \$10,860.62.	E-8 & G
9	Payment of \$10,860.61 was received on September 20, 2023. \$10,501.23 was applied to accrued interest and \$359.38 was applied to principal.	Craig Development, LLC Check No. 12353 in the sum of \$10,860.61 and RRSB Loan Credit Slip dated September 20, 2023, in the sum of \$10,860.61.	E-9 & G
10	Payment of \$10,510.28 was received on November 13, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12581* in the sum of \$37,532.27 and RRSB Loan Credit Slip dated November 13, 2023, in the sum of \$10,510.28. *Check 12581 was divided between the First and Second Ruins Notes. See First Ruins Note Aff., ¶ 9, Row 15 and Exh. D-15 .	E-10 & G

No further payments have been made by the Debtor towards the outstanding balance of the Second Ruins Note.

10. During recent analysis of the payment history of the Second Ruins Note and preparation of this affidavit, I discovered that an interest rate of 4.65% per annum was

mistakenly entered into RRSB's computer system. This rate is 0.05% higher than the interest rate stated on the Second Ruins Note, which is 4.60% per annum.

11. Debtor and the Court should disregard any Inquiry Statement for the Second Ruins Note previously generated by RRSB's computer system using the incorrect interest rate of 4.65%, rather than the correct rate of 4.60%. An example of an inaccurate Inquiry Statement is attached as **Exhibit F** and incorporated by reference.

12. A new spreadsheet showing the accrual of interest at the correct rate of 4.60% per annum, late fees, and the application of all payments received by RRSB for the Second Ruins Note is attached as **Exhibit G** and incorporated by reference.

13. Additionally, the table below, which reflects the accrual of interest at the corrected interest rate and a corresponding correction to the outstanding balance of the Second Ruins Note, was appended to the Amended RRSB POC filed September 12, 2025.

Indebtedness:


The following sums are due and owing to RRSB with respect to the Ruins Notes as of January 6, 2025:

NOTE	BALANCE	PER DIEM INTEREST ACCRUAL
First Ruins Note	\$8,169,647.92	\$900.66
Second Ruins Note	\$2,911,499.84	\$346.47
Third Ruins Note	\$ 577,183.49	\$106.38
Total due under the Ruins Notes together with interest accruing from and after January 6, 2025, excluding* costs and attorneys' fees incurred:	<u>\$11,658,331.25</u>	

See Amended RRSB POC, p. 6.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 12 day of September, 2025.


Charles Aarestad

Subscribed and sworn to before me this 12th day of September, 2025.


Notary Public

